GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:324
ANSWERED ON:12.12.2002
OFFSHORE SUPPLY VESSELS ENGAGED BY ONGC
VINAY KUMAR SORAKE

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Marine Logistics Support Services in ONGC`s Bombay High have come under severe censure by the Comptroller & Auditor General of India in his report for the year 2002;

(b) If so, the lapses on the part of ONGC in engaging Offshore Supply Vessels (OSV) for Bombay High and the extent of losses to the public exchequer on this account;

(c) whether incorrect application of ceiling rates in respect of two OSVs hired from a Shipping Co. Ltd. by ONGC resulted in excess payment of Rs. 4.86 crores; and

(d) if so, the details thereof?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI RAM NAIK)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF THE LOK SABHA STARRED QUESTION No. 324 BY VINAY KUMAR SORAKE TO BE ANSWERED ON 12TH DECEMBER, 2002 REGARDING OFFSHORE SUPPLY VES ENGAGED BY ONGC.

(a) to (d): The Comptroller & Auditor General of India (C&AG) in their Report dated 13th March, 2002, for the year ended March 2001, reviewed Marine Logistics Support Services of Oil and Natural Gas Corporation Limited (ONGC); and commented, inter alia, abou the following:-

1) Deployment of Offshore Supply Vessels (OSVs) on standby duty.
2) Trips of OSVs on supply duty and cargo handling.
3) Transportation of potable water to Platforms and Rigs.
4) Non-availability of OSVs on account of downtime.

In the above report, C&AG also observed that day rate for two numbers of A-class OSVs belonging to M/s Essar Shipping should have been fixed on the basis of owner`s contribution, but ONGC paid day rate on the basis of total capital employed, including the loan portion, for the periods July 1984 to July 1989 and July 1994 to July 1996, resulting in overpayment of Rs. 4.86 crores over the 7 year period.

However, ONGC in their response, communicated by this Ministry to C&AG on 31/1/2002, on the relevant points of the draft Audit Review relating to ONGC dated 10.10.2001 has given the operational background and brought out, inter alia, that engagement and deployment of OSVs did not suffer from any major infirmity and that there was no loss as such caused to ONGC, including the aforesaid payment of Rs.4.86 crores.